

KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD

Small Employer Health Options Program (SHOP) Subcommittee

Meeting Minutes

December 6, 2012

Call to Order and Roll Call

The fourth meeting of the SHOP Subcommittee was held on Thursday, December 6, 2012, at 1:30 p.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange. Carrie Banahan, Executive Director, Office of the Kentucky Health Benefit Exchange, acting on behalf of Jeffrey Bringardner, Chair, called the meeting to order at 1:30 p.m., and the Secretary called the roll.

Subcommittee Members Present: Jeffrey Bringardner (by phone), Dr. Richard Broeg (by phone), Paul Brophy (by phone), Dr. Joe Ellis (by phone), Edward Erway, Carl Felix, Shelley Gast (by phone), Jan Gould, Connie Hauser, and Harry Hayes (by phone),.

Staff Present: Carrie Banahan, Sharon Clarke (DOI), Reina Diaz-Dempsey, Miriam Fordham, Wanda Fowler, Kris Hayslett, Bill Nold, Brenda Parker, Vanessa Petrey, Sherilyn Redmon, Melea Rivera, Gary Smith, Brian Staples (DOI) and DJ Wasson (DOI).

Approval of Minutes

A motion was made to accept the minutes of the November 7, 2012, meeting as submitted, seconded, and approved by voice vote.

Open Enrollment

The subcommittee continued its discussion of issues regarding open enrollment in the SHOP Exchange. Currently, small group coverage is guaranteed issue. Beginning in January 2014, groups can no longer be underwritten and continuous open enrollment is required under the Affordable Care Act (ACA). The proposed market rules recently issued by the U.S. Department of Health and Human Services (HHS) uphold this position.

Employer Minimum Contribution

The subcommittee continued its discussion issues regarding employer minimum. Under the ACA, a 50 percent minimum employer contribution is required to be eligible for employer tax credits. With the various options that may be available to employers and employees, the calculation of a minimum contribution can be a challenge. The HHS proposed rules on payment parameters address this issue by allowing the SHOP Exchange to establish more than one method that an employer may use to define his or her contribution toward employee or dependent coverage. In a federal exchange, there will be a reference plan that will be used to define the contribution. Insurers in the Kentucky have a 50 percent minimum contribution requirement for a single employee policy. The subcommittee discussed selecting a reference plan and establishing a dollar amount with the goal of making the calculation of the minimum contribution simple for the Exchange. The Exchange staff will conduct additional research and bring the findings back to the subcommittee for further discussion.

Premium Payment Tolerance

Carrie Banahan, Executive Director, Office of Kentucky Health Benefit Exchange, explained that the SHOP will be billing and collecting premiums and that discussion has centered on the amount of premium tolerance to be allowed in the SHOP Exchange. An informal poll of current practice among insurers on the SHOP subcommittee indicated that there was zero tolerance with balanced billing. Nonpayment of premiums is usually not a problem and full payment is usually received from employers. Sharon Clarke, Commissioner, Department of Insurance, clarified that there is statutory language regarding nonpayment of premiums and a 30 day grace period. Following discussion by the subcommittee, it was determined that the SHOP Exchange will have a zero tolerance policy and will begin termination of an employer from SHOP participation after the grace period. Commissioner Clark further explained that the issuer has the responsibility to terminate employees. The Exchange will notify an issuer of nonpayment. The Exchange will review federal requirements regarding notifications and work with the DOI to assure compliance with federal and state requirements.

Waiting Periods and Effective Dates of Coverage

Employers usually have waiting periods prior to providing employee coverage. Ms. Banahan sought input from the subcommittee on when Human Resources begins to work with issuer. Based on their input, it was decided that the SHOP would want employers to place new hires on the roster with a future effective date. There may be the need in the SHOP to prorate premiums based on hire dates. A uniform or maximum mandatory waiting period was raised by the subcommittee and will be added to next month's agenda as a discussion item.

Defining Full-Time and Part-Time Employees

Ms. Banahan sought input from the subcommittee on the definition of full-time employee for the purpose of providing health insurance coverage. The U.S. Department of Labor uses 30 hours a week as the definition for full-time employee and which is the definition which will be used by the Federally-facilitated Exchanges and will be the required definition used for State-based Exchanges by 2016. Issuers in Kentucky only write policies where employees are working an average of 30 hours a week. Tax credits under the SHOP Exchange will be based on full-time equivalent employees. The subcommittee made a recommendation that the SHOP Exchange use the Internal Revenue Service (IRS) definition of 30 hours.

Participation Rates

The subcommittee earlier agreed to require a 75 percent participation rate in the SHOP. Issuers do not review this requirement until renewal but can ask for employer records if something looks suspicious. The SHOP Exchange will include a provision in its employer contracts that the Exchange has a right to review employer records.

Other Business

The next meeting of the subcommittee is scheduled for Thursday, January 17, 2013, at 1:30 p.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange.

Adjournment

The meeting was adjourned at 2:40 p.m.